Public Service Management Pension Plan

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 1990

Alberta
TREASURY

91-05809/

PUBLIC SERVICE MANAGEMENT PENSION PLAN

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Alberta

PROVINCIAL TREASURER
224 Legislature Building, Edmonton, Alberta, Canada T5K 2B6

The Speaker of the Assembly

Sir:

Pursuant to section 4 of the Public Service Management Pension Plan Act, being Chapter P-34.1 of the 1984 Statutes of Alberta, I have the honour to lay before the Assembly the annual report on the operation of the Public Service Management Pension Plan for the fiscal year ended March 31, 1990.

Respectfully submitted,

Dick Johnston
Provincial Treasurer

Table of Contents

	Page
Introduction	2
Plan Overview	2
Review of Operations	3
Actuarial Liabilities	3
Participation	3
Book Entry Transfers	4
Reciprocal Agreements	5
Reciprocal Transfers	6
Contributions	7
Refunds	8
Death in Service Benefits	8
Information and Counselling Services	8
Pension Benefits	9
Statement of Receipts and Payments	14
Comparative Statistics	15

Introduction

The Public Service Management Pension Plan was established effective July 1, 1972, by the Public Service Management Pension Act to provide a contributory pension scheme for Alberta government employees occupying positions designated as Management. Formerly, such employees were participants in the Public Service Pension Plan. Initial participation in the Public Service Management Pension Plan was restricted to departmental employees of the Alberta government. Participation was later extended to employees of government boards, agencies, commissions and crown corporations.

The Public Service Management Pension Act was repealed on November 1, 1985, and replaced by the Public Service Management Pension Plan Act. Under the new legislation, policy and administration became the responsibility of the Lieutenant-Governor in Council and the Minister respectively, while the Public Service Management Pension Plan Board was assigned an advisory and appellate role.

Plan Overview

The Public Service Management Pension Plan is a contributory defined benefit plan under which employee contributions are five percent of salary and employer contributions nine percent. The net amount of pension contributions less payments is deposited to or withdrawn from the Pension Fund pursuant to the Pension Fund Act. The income of the Pension Fund accrues to and forms part of the Fund. The Government of Alberta guarantees the payment of all benefits under the Public Service Management Pension Plan.

Members may retire at any time after age 55 without reduction in the amount of pension if they have accumulated five years of pensionable service. Normal pensionable age is 65 years, however, there is no mandatory retirement age. Pension benefits are based on two percent of the highest average pensionable earnings for five consecutive years times the number of years of pensionable service. If the member has a spouse and has been married to, or lived with, that spouse for at least five years, unless a waiver is signed by the spouse, the member must choose a normal pension. The normal form of a pension is for the life of the member with a 75 percent survivor benefit. Single members may elect a life pension, choosing a 5, 10, 15 or 20 year guarantee period. They may also elect a joint pension based on their life and that of a nominee.

The Plan also makes provision for those members who die prior to retirement and have accumulated at least five years of pensionable service. In such cases the surviving spouse is entitled to either a spousal pension or a lump sum benefit. The spousal pension is equal to the survivor benefit of a non-reduced joint life pension. A beneficiary other than a spouse must accept a lump sum benefit.

Review of Operations

The Public Service Management Pension Plan is administered by the Payroll and Pensions Division of Alberta Treasury.

In order to increase efficiency and improve service to employers and participants, Payroll and Pensions continues to upgrade its automated systems. Enhanced prior service, data input and participant record keeping systems were developed to improve information gathering and accommodate policy and procedural changes.

Pension forms were completely redesigned and master copies of each form have been provided to employers. By allowing the production of forms as required, stockpiling and wastage occasioned by form changes are eliminated.

Actuarial Liabilities

An independent actuarial valuation carried out at March 31, 1988, estimated the accrued liability of the Public Service Management Pension Plan to be $1,239,560,000. The normal actuarial cost of the plan as a percentage of payroll was estimated at 22.4 percent.

Participation

At March 31, 1990, there were 13 employers participating in the Public Service Management Pension Plan, 4,996 active contributors and 307 terminated employees who had either not made a choice regarding their plan status or were awaiting a deferred pension.

A summary of the participating employers and the number of participants is provided in the section on Contributions.

Book Entry Transfers

The following transfers to and from other pension plans administered by the Province of Alberta were made by book entry during the year. These transfers are not reflected in the Statement of Receipts and Payments.

	Transfers To Public Service Management Pension Plan $	Transfers From Public Service Management Pension Plan $
Public Service Pension Plan	6,783,124	368,116
Local Authorities Pension Plan	491,251	403,872
Universities Academic Pension Plan	–	141,202
	7,274,375	913,190

Reciprocal Agreements

At March 31, 1990, the Public Service Management Pension Plan had reciprocal transfer agreements in effect with the following pension authorities. The agreements enabled participants to transfer pension credits to and from these authorities.

Within Alberta
- Alberta Government Telephones Pension Plan
- Alberta Teachers' Retirement Fund
- Local Authorities Pension Plan
- Public Service Pension Plan
- Universities Academic Pension Plan

Outside Alberta
- Canada Mortgage and Housing Corporation
- Council of Maritime Premiers
- Dalhousie University
- Federal Business Development Bank
- Government of British Columbia
- Government of Canada
- Government of Newfoundland and Labrador
- Government of Ontario
- Health Sciences Centre of Manitoba
- Manitoba Civil Service Superannuation Board
- Ontario Colleges of Applied Arts and Technology
- Ontario Municipal Employees Retirement Board
- Ontario Teachers' Superannuation Commission
- Province of New Brunswick
- Province of Prince Edward Island
- Regina Civic Employees' Superannuation and Benefits Plan
- Saskatchewan Crown Investments Corporation
- Saskatchewan Health Care Association
- Saskatchewan Municipal Employees' Superannuation Commission
- Saskatchewan Power Corporation Superannuation Board
- Saskatchewan Public Service Superannuation Board
- Saskatchewan Teachers' Superannuation Commission
- York University

Reciprocal Transfers

During the year ended March 31, 1990, the following number and value of reciprocal transfers were undertaken:

	Transfers To Public Service Management Pension Plan		Transfers From Public Service Management Pension Plan	
	Number	Amount $	Number	Amount $
Alberta Government Telephones Pension Plan	–	–	5	150,679
Alberta Teachers' Retirement Fund	10	763,593	3	187,026
Government of Canada	5	360,914	11	724,228
Government of Ontario	–	–	3	105,224
Manitoba Civil Service Superannuation Board	3	202,099	–	–
Other	3	69,498	3	302,585
	21	1,396,104	25	1,469,742

Contributions

The schedule below summarizes the employee and employer contributions for the year ended March 31, 1990:

	Participants At March 31, 1990	Contributions Received		
		Employee $	Employer $	Total $
Government of Alberta	4,194	11,573,174	19,164,536	30,737,710
Alberta Alcoholism and Drug Abuse Commission	40	97,375	231,836	329,211
Alberta Educational Communications Corporation	28	66,516	112,479	178,995
Alberta Liquor Control Board	90	220,836	392,815	613,651
Alberta Opportunity Company	30	96,411	198,556	294,967
Alberta Petroleum Marketing Commission	12	37,292	64,545	101,837
Energy Resources Conservation Board	4	14,522	25,773	40,295
Northern Alberta Institute of Technology	31	85,071	152,480	237,551
Southern Alberta Institute of Technology	23	79,180	130,887	210,067
Special Waste Management Corporation	6	13,448	24,207	37,655
Treasury Branches	489	1,114,929	2,068,931	3,183,860
Workers' Compensation Board	46	139,425	282,470	421,895
Others	3	6,332	11,398	17,730
Accounts Held on Deposit	307	17	–	17
	5,303	13,544,528	22,860,913	36,405,441

Refunds

The following amounts of member contributions and interest were refunded to members terminating employment:

In addition, 32 refunds of excess contributions totalling $14,882 were made to members and employers.

	Number	Amount $
Cash	17	126,840
Registered Retirement Savings Plans or Registered Pension Plans outside of a reciprocal agreement	87	894,095
	104	1,020,935

Death in Service Benefits

In the current year, eight members died while in service. Seven of the surviving spouses were granted spousal pensions. A lump sum was paid to one individual beneficiary in respect of the other death in service.

Information and Counselling Services

During the year, Payroll and Pensions Division presented pre-retirement and information seminars in both Edmonton and Calgary. Approximately 27 participants attended each seminar and received information on retirement benefits and services.

Payroll and Pensions Division assisted the Alberta Retired Public Employees Society with the publication of Postscript. Postscript is a quarterly newspaper provided free of charge to pensioners. A regular information bulletin called Pension News was prepared for employers to assist them in carrying out their responsibilities under the pension plan.

Annual statements containing information on pensionable service, contributions and prior service, were produced and forwarded to employers for distribution to active participants in the plan.

Pension Benefits

During the year ended March 31, 1990, pension benefits paid totalled $41,249,559, an increase of $2,213,021 (5.7 percent) over the previous year.

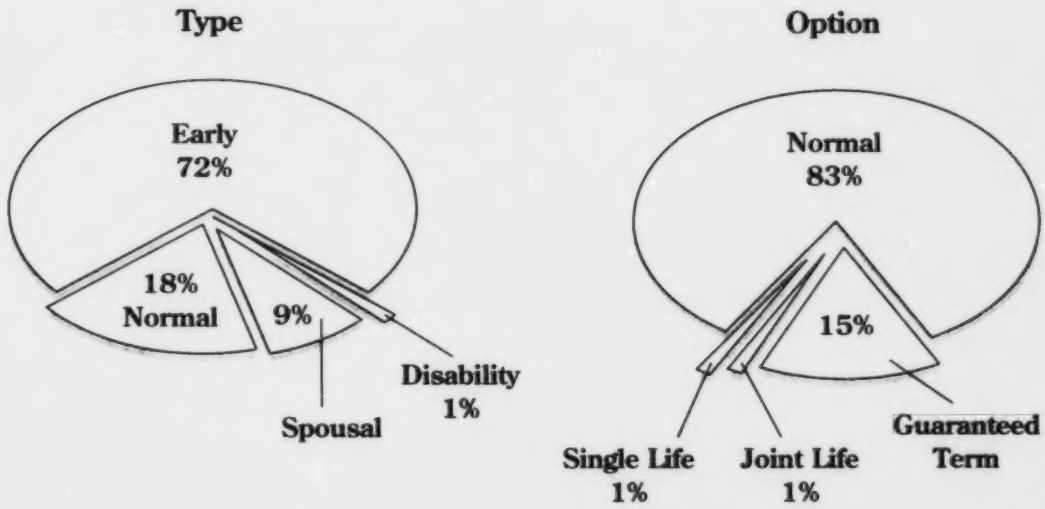
A total of 83 pensions were granted in the categories shown in the table below. Previous year figures are included for comparison.

	1990		1989	
Normal Retirement	15		19	
Early Retirement	60	(44)	82	(65)
Partial or Total Disability	1	(1)	–	
Death-in-Service (Spousal)	7	(2)	5	(2)
	83	(47)	106	(67)

( ) Brackets denote pensions co-ordinated with Canada Pension Plan (CPP) and/or federal Old Age Security (OAS) payments.

Of the above retirements, 15 were in respect of deferred retirements from previous years (14 early and one disability).

The charts below illustrate the relative proportions of retirements during the year by type of pension and by option chosen:

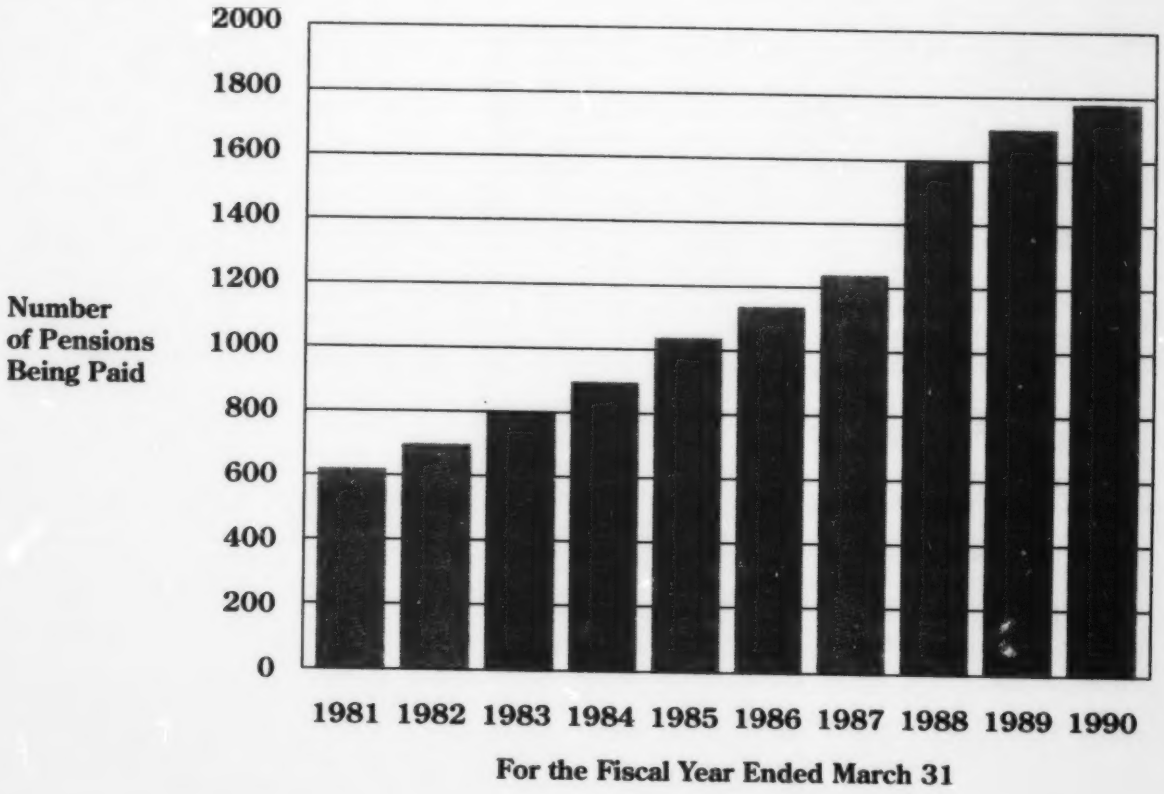


Pension options selected by members were as follows:

	At March 31, 1989	New Retirements	Beneficiaries	Deaths	At March 31, 1990
Member Pensions					
Normal (see note below)	1,536	69	18	(26)	1,597
Guaranteed 5 years	15	2		(1)	16
Guaranteed 10 years	19	2			21
Guaranteed 15 years	17				17
Guaranteed 20 years	21	2	1	(1)	23
Joint Life non-reduced	2				2
Joint Life reduced one half	–	1			1
Spousal Pensions					
Single Life	25	1			26
Guaranteed 5 years	5				5
Guaranteed 10 years	8				8
Guaranteed 15 years	7		1	(1)	7
Guaranteed 20 years	50	6	1	(1)	56
Total Pensions	1,705	83	21	(30)	1,779
Pensions Co-ordinated with CPP and/or OAS	1,035	47	3	(14)	1,071

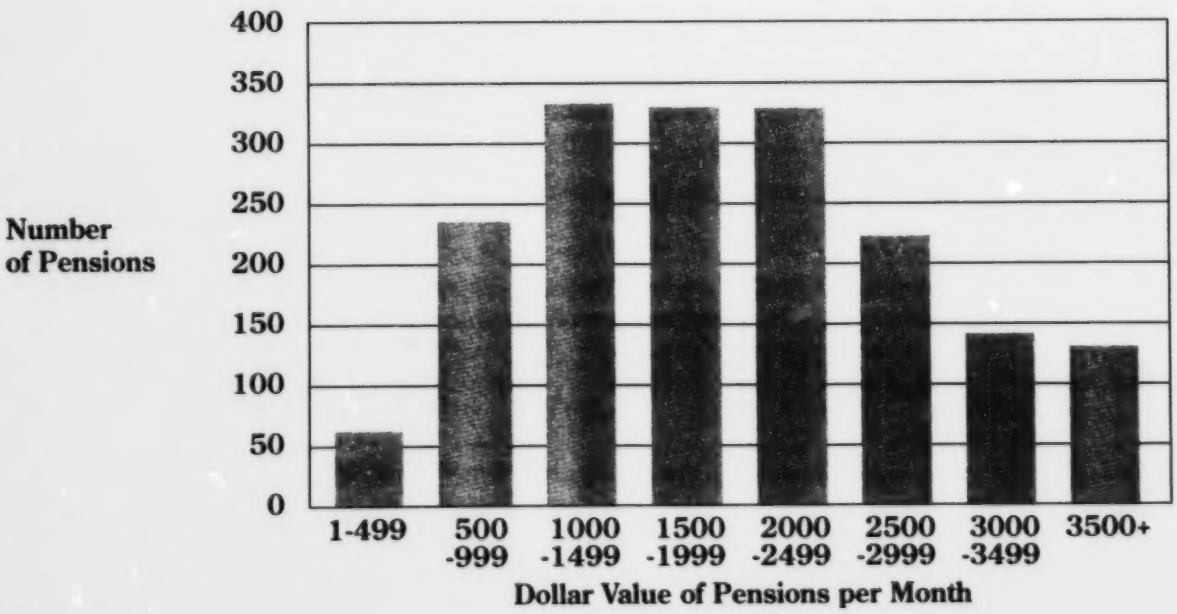
Note: The normal pension does not have a guaranteed term but, in the event of the retiree's death, pays the eligible spouse a spousal pension equalling 75 percent of the deceased retiree's pension for life.

The number of pensions being paid at the end of each of the last ten years is presented in the graph below:



The schedule and graph below categorize the pensions in effect at March 31, 1990, by dollar value of monthly pension:

Dollar Value Per Month $	Member Pensions	Spousal Pensions	Total
1 - 499	49	13	62
500 - 999	207	28	235
1,000 - 1,499	302	30	332
1,500 - 1,999	310	19	329
2,000 - 2,499	321	7	328
2,500 - 2,999	221	1	222
3,000 - 3,499	138	3	141
3,500 and over	129	1	130
	1,677	102	1,779



Effective January 1, 1990, a cost of living adjustment of 3.25 percent was granted to those pensioners in receipt of a pension for one year or more with a proportionately smaller increase granted to those retiring during the calendar year 1989.

Statement of Receipts and Payments
Year Ended March 31, 1990

	1990 $	1989 $
RECEIPTS		
Employee contributions	13,544,528	12,805,966
Employer contributions	22,860,913	21,981,290
Interest on overdue receivables	–	1,185
Total Receipts	36,405,441	34,788,441
PAYMENTS		
Benefits		
Pensions to retired members	39,732,111	37,370,095
Pensions to surviving spouses	1,493,855	1,307,601
Lump sums to beneficiaries of deceased pensioners	10,737	226,366
Lump sums to beneficiaries of deceased employees	12,856	132,476
	41,249,559	39,036,538
Withdrawals		
Refunds of contributions and interest to terminated members	1,020,935	1,374,483
Reciprocal agreement transfers	1,469,742	760,121
Funds transferred out	–	13,056,408
Refunds of excess contributions	14,882	18,833
	2,505,559	15,209,845
Total Payments	43,755,118	54,246,383
Excess of Payments over Receipts	7,349,677	19,457,942

Note: The receipts and payments shown above do not reflect member transfers of contributions and interest to and from other pension plans administered by the Alberta government, with the exception of the transfer to establish the Judges and Masters in Chambers Pension Plan Fund. This transfer is shown as Funds transferred out.

Comparative Statistics

The table below shows comparative statistics of receipts and payments for the most recent five fiscal years. In addition, a graph is presented to illustrate a ten year trend.

(000's)

Fiscal Year	RECEIPTS			PAYMENTS			Excess of Payments Over/(Under) Receipts
	Employee $	Employer $	Total $	Benefits $	With-drawals $	Total $	$
1989/90	13,544	22,861	36,405	41,250	2,505	43,755	7,350
1988/89	12,806	21,982	34,788	39,036	15,210	54,246	19,458
1987/88	12,693	20,808	33,501	34,583	1,629	36,212	2,711
1986/87	12,170	20,552	32,722	26,114	2,146	28,260	(4,462)
1985/86	11,880	20,105	31,985	22,627	1,801	24,428	(7,557)